What were the economic and social roots of “stagnation” under Brezhnev?

Leonid Ilyich Brezhnev was leader of the Soviet Union from 1964 until death in 1982. Early into his tenure, the Soviet Union was to reach its social and economic peak. However the period after this is known commonly as the Era of Stagnation. Given this name by Mikhail Gorbachev, it began a chain of social and economic events that would lead to its collapse. However whilst the start may have begun the moment the economic figures reversed, the origins are more complex. As Gatrell & Lewis (1992) argue the study of the roots of stagnation took a back seat to dealing with its consequences in the post soviet era. The purpose of this paper will therefore be to examine the roots of economic and social stagnation under Brezhnev. To do this I will examine three key factors. Firstly I will examine the failure of modernization in industry toward creating wider economic and social problems. Secondly I will look at the impact of Brezhnev’s social contract and society’s responsibility for stagnation. Thirdly, I will scrutinize the political situation of the Soviet Union and its role in propagating stagnation. However I will also examine the data available as well as attempt to contextualize the situation within the wider world picture. Through this methodology, we will be able to understand the true significance of the Era of Stagnation. We will then be able to understand if this was a key cause of the events that led to the collapse of the Soviet Union.

The Soviet Union's economy, as MacEachin (1996) argues, was collapsing from the mid 1970. One of the main problems lay in balancing industrial growth, defense spending and consumer demand. However these problems did not appear instantaneously. Instead they were the product of rigid management that failed to grasp the opportunity to modernize and evolve the economy. In the case of industry we see that it had been a driving force of economic expansion. The policy of expansion, created and enforced under Stalin, led to massive industrial growth. As Danilin (2002) argues large quantities of man power and resources had been mobilized in the aftermath of the Second World War to rebuild industry devastated by conflict. As Fig.1 shows growth increased dramatically and continued to do so until 1970. Gustafson (1990) uses the example of energy production to show why growth stalled. By the 1970's the peak level of expansion had been reached. But without modernization or intensification output could not be maintained let alone increased. The root, it would seem, would lie with a failure to change economic policy to
intensification. Rumer (1989) provides evidence to this. His study into Soviet steel production argues that central planning would not allow facilities the resources needed to modernize. This would have far reaching consequences in other areas of the economy. As MacEachin (1996) argues, Soviet policy was to maintain defense and industry spending to compete with the western powers. Brada & Graves (1988) argue that as the economy stalled, attempts were made to reign in defense spending. In doing so it was hoped that the economy could be stabilized. But as Becker (1994) argues this was too late for an economy that needed massive reform, not just an injection of capital. This systemic failure would also occur in the consumer market. With heavy industry and defense favored by central planners, the growing expectations of Soviet citizens were ignored. Whilst a failure to modernize the economy would prove to be a key root to the period of stagnation it was not the only key cause. Instead, it is vital to look at the attitudes of the Soviet people to understand why such a depression could occur.

It is important that we understand the social roots to stagnation so that we can understand the extent of its impact on the Soviet Union. By the end of the 1960's economic growth, as seen in Fig.1, had been booming in the post war period. Zhuk (2008) argues that society had grown to expect a greater standard of living after the Great Patriotic War. He further argues that this was motivated by a mixture of western influence as well as grassroots social expectations. However the Soviet economy had grown through military spending, the cultivation of heavy industry and agriculture. As Cook (1992) argues Brezhnev instituted a new social contract to stave off criticism of the neglected consumer market. This contract would guarantee employment, wages, accommodation and social security at the expense of social mobility and political diversity. As Cook (1993) further argued, the system did bring political stability by guaranteeing a minimum standard of living. However the consequences of this policy would prove to be a key factor in causing stagnation. As Pereira (1999) explains, the contract froze social mobility by paying people for work regardless of the quality. For those at the bottom part of the social spectrum, this finally gave social security that would stave off destitution. However this impact was felt only by a small part of the population. Teckenberg (1989) gives the examples of salary to show that those below senior management level were paid significantly depressed and disproportional wages. As Fig.3 shows Blue collar jobs such as driving bus's could be paid more than white collar jobs such as school teacher. The result of the practical application of the social contract by Brezhnev was to form a key root of the Era of Stagnation. In practice the implementation of equality and basic provisions became sabotaged by envy and poor planning. Citizens simply did
not see the point of trying to improve in a system that would not recognize their efforts. People had no incentive to work nor any respect for those that had helped create the situation. However as important the mood of the people became, it is important to recognize the other roots to stagnation.

Leonid Brezhnev assumed power of the Soviet Union in 1964 after a bloodless coup against Nikita Khrushchev. His style of leadership and the policies he enacted would become one of the key causes and drivers of the Era of Stagnation. The key idea to connect with Brezhnev, as Hyland (1979) argues, is the maintenance of the status quo. He had assumed power at first on the impetus of his allies who in return expected stability and security. This would lead to Brezhnev implementing his social contract. We have seen the social consequences but the political ramifications were just as important. Harasymiw (1984) looks at the management of the Communist Party to explain the political impact. Harasymiw (1984) concludes that those with track records of party support, that showed they would follow the party line at all times, were eligible for promotion. By the 1970’s this political cultivation had reached its zenith with Brezhnev himself. Zubok (2008) argues that the policy of detente with the west was the result of stagnation. As the Soviet economy realized it would have to export and import goods, detent was formed to protect economic interests abroad. However even this policy would become a large part of stagnation. As Gustafson (1990) explains the lack of political desire to reform had dramatic impacts on foreign trade. The argument is shown keenly by the 1973 oil crisis. Oil prices rose dramatically to account for the lack of supply to America by OAPEC (Organization of Arab Petroleum Exporting Country's) but the Soviet Union couldn’t funnel the rise in oil price to modernize its industry. Gustafson (1990) further argues that when prices started to fall, the failure to modernize meant foreign trade couldn’t maintain the domestic economy. We therefore see the importance of political decisions in not only creating but propagating stagnation. As Brezhnev came to power he was at the head of a politically inept party that had been cultivating mediocrity to ensure stability. However the maintenance of the status quo would lead to leaders ignoring the growing symptoms of rot and decay. But we must understand the global setting surrounding the era of stagnation and how it is studied to realize its true impact.

By the time Brezhnev came to power the world was in the grip of the Cold War. It is therefore important to see the roots of stagnation through an international perspective. The United States Department of Defense (1988) argues, for the Soviet Union to exercise policy abroad it had to maintain high levels of defense spending. The USDoD (1988) goes as far as to say that this reached over 16% of GNP in 1980
compared with around 8% in the US. We must realize that the Soviet system abroad was built upon military export and expansion. By having such a commitment to the military it adds a new perspective to the reluctance to reform the economy. Without spare capital to account for any problems, the risks of reform in the 1970's seemed too high. However whilst we look at the international system to further account for domestic stagnation, we must look at the method of study to see the relative importance of stagnation.

Our perceptions of Soviet stagnation lead us to assume that the situation was dire. Poor working conditions, wages and social oppression at first appear to dominate the social system of the Soviet Union during stagnation. However as Gatrell & Lewis (1992) argues there is a distinct lack of independent research from the time into the impacts of stagnation. As such our historiography must be adjusted to take into account the discrepancies that exist. Fig.1 shows the variation that exists in data concerning this time period. For example, for the period 1975-1980 the growth percentage varies by 3.2%. This represents massive swing for the second largest economy of the time. With such variation in the figures we must reevaluate the evidence for the severity of stagnation. Gregory & Dietz (1991) provide commentary on this by analyzing a survey of people leaving the Soviet Union during the years of stagnation. The report finds that people's perceptions agree with the wider academic view of an infrastructure in decline. But importantly they show that people did not see a drastic drop in living conditions regardless of wage declines. Therefore we must see from this a separation of state and social interpretations of stagnation. To understand stagnation and its impact we must guide our research to encompass all aspects of the Soviet system. The data for economic and social factors does have discrepancies but ultimately does show a decline. But when contrasted with contemporary evidence of the moral of the population, we see that the impact of stagnation becomes limited.

In conclusion, the roots for stagnation under Brezhnev appear to be numerous and varied. From an economic perspective, failing to modernize the economy was a key driving factor in decline. By trying to follow the expansionist policy started under Stalin, progress could not keep up with the industrial advances made in the international world. We also see the social roots of stagnation as a significant factor. Brezhnev introduced a new social contract formed to provide equality at the expense of social mobility. In doing so he inadvertently created the perfect breeding ground for stagnation. Citizens no longer had any incentive to achieve self improvement as the social contract removed traditional rewards for doing so. Wages were
disproportionate, as well as depressed, due to concurrent economic problems. However this policy gave social security to many demographics that would traditionally be at risk of destitution. After these two key roots we must however, look at the wider picture of the Soviet Union. We see that Brezhnev and the Communist Party form a vital political root of stagnation. The failure to reform or encourage initiative at the cost of maintaining the status quo was to prove disastrous for the longevity of the Soviet Union. But by examining the data and grassroots opinions of the Soviet population we can balance the impact of stagnation on both the domestic, macro-economic and global political spectrum. However we must conclude by realizing the importance of understanding the roots of stagnation. It is through this study that we can begin to understand the roots not only to stagnation but the collapse of the Soviet Union.
Fig. 1
SOVIET NATIONAL INCOME GROWTH, 1928-1987: ALTERNATIVE ESTIMATES
(CHANGE OVER PERIOD, % PER YEAR)

<table>
<thead>
<tr>
<th>Year</th>
<th>Source</th>
<th>TsSU</th>
<th>CIA; Moorsteen &amp; Powell</th>
<th>Khanin</th>
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<td>1928-40</td>
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<td>6.1</td>
<td>3.2(a)</td>
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<td>2.0</td>
<td>1.6 (b)</td>
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Notes: (a) 1928-1941
(b) 1941-50

Sources:
TsSU, Khanin: Net material product, calculated from Khanin,'Ekonomichheskii rost: al'ternativnaya otsenka', p. 85.
CIA: GNP, calculated from CIA, Measures of Soviet GNP,

Graph 1: Soviet National Income Growth 1960-1987
(Change over period, % per year)

- TsSU
- CIA; Moorsteen & Powell
- Khanin
Figure 3.1 Index of wage differentials between manual workers, office workers and non-manual technical employees in the USSR, 1932–1986


References


